

DAILY BULLETIN

NOVEMBER 5, 2003

DEVELOPING COUNTRIES URGED TO INTEGRATE INTO GLOBAL TRADE SYSTEM

State's Larson says U.S. committed to providing "effective" aid..... 1

FRIST REPORTS ON HIV IN AFRICA, SENATE PASSES AIDS LEGISLATION

Senate Majority Leader renews U.S. commitment to helping..... 3

BUSH ADMINISTRATION DOES NOT BELIEVE ISRAEL NEEDS SECURITY FENCE

State's Erel repeats U.S. decision to reduce Israeli loan guarantees..... 4

BOLTON: INTERNATIONAL CRIMINAL COURT CONTRARY TO U.S. PRINCIPLES

Under secretary calls it "clearly inconsistent with American standards" 5

U.S. CRITICIZES U.N. CALL FOR END TO CUBA TRADE EMBARGO

General Assembly resolution on U.S. embargo on Cuba called "misguided"..... 5

DEVELOPING COUNTRIES URGED TO INTEGRATE INTO GLOBAL TRADE SYSTEM

State's Larson says U.S. committed to providing "effective" aid

Developing countries that integrate most rapidly into the global trading system grow substantially faster than countries that remain closed to international market opportunities, says Alan Larson, under secretary of state for business, economic and agricultural affairs.

The United States is committed to helping countries integrate by providing effective, targeted development assistance, he added. Larson spoke October 30 at a United Nations meeting in New York on financing for development -- a follow-up event to the 2002 Financing for Development Conference in Monterrey, Mexico.

Following is the text of Larson's prepared remarks:

U.S. Perspective on Financing for Development

Alan P. Larson, Under Secretary for Economic, Business, and Agricultural Affairs Statement at UN High Level Dialogue on Financing for Development New York, New York October 30, 2003

Mr. Chairman, I am pleased to participate in this follow-up event to the Monterrey Consensus. Monterrey was a path-breaking event for the United Nations. The Monterrey Consensus makes clear that achieving lasting development progress requires effective use of all development resources. These include not only do-

mestic resources and savings, but international trade and investment opportunities, and development assistance.

As was agreed at Monterrey, sound national policies and good governance need our strong support, as they are the accelerants for growth and poverty reduction the world over. The enterprise and initiative of the people of the developing world must be unleashed and supported. A world where half of humanity lives on less than \$2 per day is neither just nor stable. Bringing all the world's poor into an expanding circle of development -- and opportunity -- is a one of the top priorities of U.S. foreign policy. President Bush has made clear that working to address this is in our national interest.

There are countries that have taken the often difficult but essential steps to tap development resources effectively, but the overall record is mixed. Today, the annual gross domestic product of the developing countries is well over \$6 trillion [\$6,000 billion]. In these countries, domestic savings must be increased and used for more productive investments, to spur growth and job creation and to expand the resources for development. Countries as diverse as China and Mozambique have begun to open up and to tap the enormous power of markets and opportunity to lift people out of poverty. Years of double-digit growth are making a real difference in the lives of their citizens, hundreds of millions in China alone.

Expanded trade offers one of the greatest sources of global income growth and development resources. Of the \$800 billion per year in global income increases the World Bank estimates liberalizing goods trade would bring, well over \$500 billion of that would go to developing countries. Adding services trade would further strengthen these results. In this light, the Cancun WTO [World Trade Organization] Trade Ministerial was a missed opportunity for us all, but especially for developing countries.

Today, 70 percent of all tariffs paid by developing countries are paid to each other. And the World Bank estimates that three-quarters of the income increases mentioned above would require developing countries to reduce their own trade barriers. Our own African Growth and Opportunity Act (AGOA) programs prove that even the poorest countries can seize trade opportunities. For example, Lesotho, an AGOA partner, has seen exports climb by double digits in each of the last three years. In 2002 alone, their exports grew 68.1 percent.

The United States is a strong supporter of capacity building. We spend well over \$700 million per year on trade-related aid. We understand the need to address the transition effects of liberalization. The reality, however, is that the full poverty reduction benefits of trade will only be realized if countries at all income levels contribute to efforts to reduce trade barriers.

At the same time, it is critical to create a good climate for investment, both domestic and foreign. Foreign direct investment (FDI) flows to developing countries have been remarkably stable in recent years, and they bring capital, know-how, and innovation. In 2002, a year of slow global growth, \$143 billion in private foreign direct investment flows went to developing economies. FDI has averaged \$115 billion per year to developing countries over the last decade. It will grow further and faster for those countries that open up to trade and investment, protect private property rights, invest in a skilled and healthy labor force, and protect the rights and freedoms of individuals.

As the UN Conference on Trade and Development (UNCTAD) has shown, even relatively small amounts of foreign investment can stimulate GDP [gross domestic product] growth. Mozambique, a country that has undertaken substantial economic and political reform, has seen a six-fold increase in FDI since 1994. In Armenia, where governance reforms are taking hold, jewelry and diamond exports doubled to \$200 million in 2002, largely due to foreign investment. Armenia's GDP has risen on average 8 percent a year from 1996 to 2002, and private savings rose 11 percent in 2002 alone. Developing countries succeed by integrating their economies into the global trading system. The so-called "fast integrators" grow substantially faster than countries that remain closed to international market opportunities.

The United States is committed to providing effective assistance to developing countries. We are the world's largest donor today. Since the beginning of President Bush's Administration our aid has already risen 12 percent annually from 2001 through 2003. The Bush Administration also proposes to increase U.S. core development assistance by 50 percent through the Millennium Challenge Account (MCA). The MCA is to ramp up to \$5 billion per year by FY 2006. The criteria for country eligibility for financing from the Millennium Challenge Account -- ruling justly, investing in people, and encouraging economic freedom -- are designed to make this ODA [official development assistance] produce lasting results for real people. We also place a special emphasis

on fighting corruption, because we know it undermines trust and diverts enormous resources away from development. The United States will also provide \$15 billion over the next five years to fight HIV/AIDS and reduce its corrosive impact on development progress.

The United States is the largest single trade and investment partner with developing countries, and those flows are growing. Our vibrant market has also made us the greatest source of private remittances from those with jobs in the United States, some \$25 to \$30 billion of the now \$80 billion in annual flows to developing countries.

When he announced the Millennium Challenge Account in Monterrey, President Bush made clear our support for the internationally agreed development goals. The quantitative targets for reducing poverty, improving health, education, women's rights and the environment enable publics and governments to track progress and results. As the Monterrey Consensus says so eloquently, these international goals are a shared responsibility. But it is far from clear that we will meet them. Ultimately, it is only through sustained economic growth and the wise use of all development resources that countries can eradicate poverty and meet these goals. ODA is small relative to other development resources, and is not effective when policies are not right. In pursuing the agreed international development goals, we will need to succeed one country at a time. As Monterrey made clear, developing countries have the primary responsibility for their own development.

Unprecedented development progress in recent decades offers much hope. There is good news in the higher growth rates and levels of trade and investment participation, lower inflation and budget deficits, and forward steps on democracy and governance we see in many developing countries. The United States will remain engaged with developing countries on every aspect of their development efforts.

FRIST REPORTS ON HIV IN AFRICA, SENATE PASSES AIDS LEGISLATION

Senate Majority Leader renews U.S. commitment to helping

By Jim Fisher-Thompson
Washington File Staff Writer

Washington -- Senate Majority Leader Bill Frist (Republican of Tennessee) October 30 renewed the U.S. Government's commitment to battling HIV/AIDS and other diseases in Africa as he reported on a recent fact-finding trip he led to the continent. Later the same day, the Senate passed a foreign aid bill that included \$1.6 billion to fund President Bush's initiative to fight AIDS, malaria, and tuberculosis worldwide.

Frist said he called the meeting on Capitol Hill "to focus on Congress's commitment to battling HIV/AIDS," the pandemic that threatens the future of development and political progress on the continent, undercutting its ability to play a role in the increasing flow of goods, people and information worldwide.

The Senate passage of the aid bill echoed that commitment since a large portion of the appropriation is earmarked for AIDS prevention, treatment and care programs in sub-Saharan Africa where about 70 percent of the world's AIDS cases arise. The funding is part of President Bush's \$15 billion plan to fight infectious diseases in Africa and the Caribbean. The Senate version of the foreign aid bill will now be negotiated in a joint Senate/House of Representatives conference before final passage and presidential signature.

Frist, a heart surgeon and the only medical doctor in the Senate, termed the global HIV/AIDS pandemic as "the greatest humanitarian, moral and public health challenge of the last 100 years." Since it was first identified in the early 1980's, he said, the disease has killed 23 million people, most of them in Africa.

Frist said that during their visit to South Africa, Graça Machel, wife of former president Nelson Mandela, put the severity of the threat in perspective when she told him, "We are facing extinction because of AIDS."

The Senate leader was speaking following his delegation's travel through South Africa, Mozambique, Botswana, and Namibia from August 19-29. The other five members of his group included: Senators Lamar

Alexander (Republican of Tennessee), Norm Coleman (Republican of Minnesota), Mike DeWine (Republican of Ohio), Mike Enzi (Republican of Wyoming) and John Warner (Republican of Virginia).

Frist also made a side trip to Sudan where he performed a number of operations as part of a medical mission of mercy. He said the delegation skipped Uganda, which has also been hard hit by the disease, "because things are going pretty well" there, in large part due to the forthright leadership of President Yoweri Museveni in confronting the medical and social effects of AIDS head on.

According to Frist, "There is no part of the world" that has suffered as much from HIV/AIDS as "southern Africa. Our team had a productive trip. We met with doctors, patients, nurses, community leaders, government officials and activists, all of whom are doing the very best they possibly can to fight this pandemic and bring hope and relief to millions of people."

The delegation came back with a checklist of elements needed to fight HIV/AIDS effectively, which Frist enumerated:

-- Commitment of national leadership "at the top" to fight AIDS is an important factor in galvanizing government and society. Botswana's President Festus Mogae, who had himself tested for the disease on national television, was an outstanding example because "such an unambiguous message to the people has an impact. So in Botswana we saw notable progress," Frist said;

-- Testing is the "cornerstone in the prevention" of AIDS. "It only takes 15 minutes" and, besides determining infection, is valuable because it "provides a teachable moment ...when trust can be established," when health workers can talk to the patient about the disease, its prevention and treatment at clinics called Voluntary Community Testing (VCT) centers;

-- Medical infrastructures are essential to make sure treatment and drugs are properly administered, delivered and stored as well as that medical staff trained;

-- Palliative care is needed to provide treatment and support to those coping with AIDS and those who are dying. This also involves the care of orphans whose families have been wiped out by the disease, a far too common effect now seen in southern Africa;

-- Partnerships with non-governmental organizations (NGOs), universities, private firms, faith-based [religious] institutions are vital because "no one group can do it alone." In South Africa, Anglo-Gold Mining Company began an innovative prevention program after it discovered one in three of its employees were infected with the HIV virus;

-- Mass communications must be used to reach a wider audience to teach AIDS awareness, which Graca Machel suggested could be heightened by using "individual Bible verses to connect with people...to help reduce shame" about the disease; and

-- Traditional healers could become valuable educators. Although they might not understand the science behind the disease, they could advise those who come to them for treatment on the need to be tested and treated in a timely fashion.

BUSH ADMINISTRATION DOES NOT BELIEVE ISRAEL NEEDS SECURITY FENCE

State's Erel repeats U.S. decision to reduce Israeli loan guarantees

State Department Deputy Spokesman Adam Erel said President Bush does not believe that Israel needs to construct a security fence and that such a fence should not infringe upon the lives of Palestinians or prejudice the outcome of a final status agreement.

Speaking at the November 4 State Department briefing, Erel repeated that the Bush administration had decided to "deduct money for guaranteeing loans based on Israeli settlement activity," but had not yet determined how much money would be withheld.

As for the Palestinians, Erel said the United States is monitoring the formation of a new cabinet, and believes that the Palestinian prime minister "must have control of all the security forces."

Erel said the Palestinian cabinet must clearly state its opposition "to all forms of terrorism," as well as take

steps to disarm and dismantle terrorists and military organizations not under control of the Palestinian Authority.

BOLTON: INTERNATIONAL CRIMINAL COURT CONTRARY TO U.S. PRINCIPLES

Under secretary calls it “clearly inconsistent with American standards”

The International Criminal Court (ICC) is an organization “that runs contrary to fundamental American precepts and basic constitutional principles of sovereignty, checks and balances, and national independence,” says Under Secretary of State for Arms Control and International Security John Bolton.

And therefore the United States “is engaged in a global campaign to conclude bilateral agreements that will ensure U.S. persons are not subjected to the ICC’s jurisdiction,” Bolton said in a speech at the American Enterprise Institute in Washington November 3.

“Subjecting U.S. persons to this treaty [the Rome Statute, which created the ICC], with its unaccountable prosecutor and its unchecked judicial power,” he said, “is clearly inconsistent with American standards of constitutionalism.”

The under secretary explained that the U.S. campaign is employing Article 98 of the Rome Statute, which he said provides “essential protection against the court’s purported jurisdictional claims,” because the United States “is determined to be proper in our relations with the court, proceeding in a manner specifically contemplated by the Rome statute itself.”

U.S. CRITICIZES U.N. CALL FOR END TO CUBA TRADE EMBARGO

General Assembly resolution on U.S. embargo on Cuba called “misguided”

The United States voiced strong exception to what it calls a “misguided” resolution passed November 4 by the United Nations General Assembly calling for the end to the U.S. trade embargo against Cuba.

Sichan Siv, U.S. Permanent Representative to the U.N. Economic and Social Council, said in a statement delivered mostly in Spanish that the embargo has been kept in place by successive U.S. administrations in order to maintain pressure to restore freedom and democracy on the Communist-ruled island.

Following is the transcript of Siv’s remarks, with Spanish portions translated into English:

U.S.-U.N. PRESS RELEASE November 4, 2003 Statement by Ambassador Sichan Siv, United States Representative to the United Nations Economic and Social Council, on the Trade Embargo Against Cuba, in the United Nations General Assembly Plenary Session, on November 4, 2003:

Mr. President,

As in years past, the Government of Cuba has tabled a resolution on the U.S. trade embargo against Cuba in an attempt to blame its economic woes on the United States, and to divert attention from its abysmal human rights record.

We strongly take issue with this resolution. Regardless of one’s views on the embargo, it should be clear that this is a bilateral issue between the United States and Cuba.

It is important to bear in mind that the embargo was imposed after the illegal and large-scale expropriation of American properties for which the Cuban government offered no compensation. It has been kept in place by successive Administrations in order to maintain pressure to restore freedom and democracy in Cuba.

It is not a blockade, as the Cuban government asserts in its official pronouncements, since it does not interfere with trade with other nations. Cuba is free to trade with any other country in the world, and indeed does so. In

addition, more than 175,000 Americans legally visited Cuba last year using regular charter services that exist between the U.S. and Cuba.

The truth is that Cuba's trade with other countries is not affected by the embargo, but instead by its poor credit rating stemming from the fact that it does not pay its bills and has billions of dollars in loans in arrears. It is the communist regime's failed economic policies -- not the embargo -- that have impoverished Cubans and destroyed what once was one of the most advanced economies in the region.

The U.N. Economic Commission on Latin America (ECLAC), in a study conducted in conjunction with a Cuban think tank, concludes that Cuba must ease restrictions on small businesses to revive its suffering economy. Cuba needs to deregulate in order to achieve real growth but Castro cannot do that without ceding decision-making authority.

We have offered to make changes in the embargo in exchange for reforms. In May 2002, the United States challenged the Castro government to undertake political and economic reforms, in particular to permit free and fair elections to the National Assembly. We also challenged the Cuban government to open its economy, allow independent trade unions, and end discriminatory practices against Cuban workers. President Bush made clear that his response to such concrete reforms would be to work with the U.S. Congress to ease the restrictions on trade and travel between the United States and Cuba.

Instead of a political opening, the Cuban government carried out a brutal crackdown last March, sentencing 75 members of the opposition, including independent journalists, economists, trade unionists and human rights advocates, to up to 28 years in prison. It was the worst act of political repression against advocates of peaceful change in the history of Cuba.

Havana has shown no interest whatsoever in implementing the necessary economic and political reforms. Castro has steadfastly refused to allow any kind of political opening and continues to deny the Cuban people the most basic human rights as recognized by the Universal Declaration.

The Cuban government will portray the support for this resolution as support for the regime and its repressive policies, just as it has so often done in the past.

For all these reasons, the United States strongly opposes this misguided resolution.

Mr. President,

In the eighties, President Reagan reacted on U.S.-Soviet relations by using a Russian quote: "Doveriyai, no proveryai" (trust but verify). On communists and dictators like those in Havana, I say: "Nikogda ne doveriyai, vseгда proveryai" (never trust, always verify).

Mr. President,

The best day for Cuba is when the Cuban people open their ears and hear the truth.

It's when they open their eyes and see freedom.

It's when they open their mouth and say "Viva Cuba libre!"

Cuba's best day is when the Cuban people have terminated Castro's evil, communist, dictatorial regime and said to him: "Hasta la vista, baby!"

Thank you, Mr. President.

Please Note: Most texts and transcripts mentioned in the U.S. Mission Daily Bulletin are available via our homepage www.usmission.ch. Select "Washington File" from the drop-down menu under "News."